Can Poorer Nations Break the Cycle of Dependency That Has Inflicted Grief for a Hundred Years? The Thirty-Second Newsletter (2023)

Dear friends,

Greetings from the desk of **Tricontinental: Institute for Social Research**.

In late July, I visited two settlements of the Landless Rural Workers (MST) on the outskirts of São Paulo

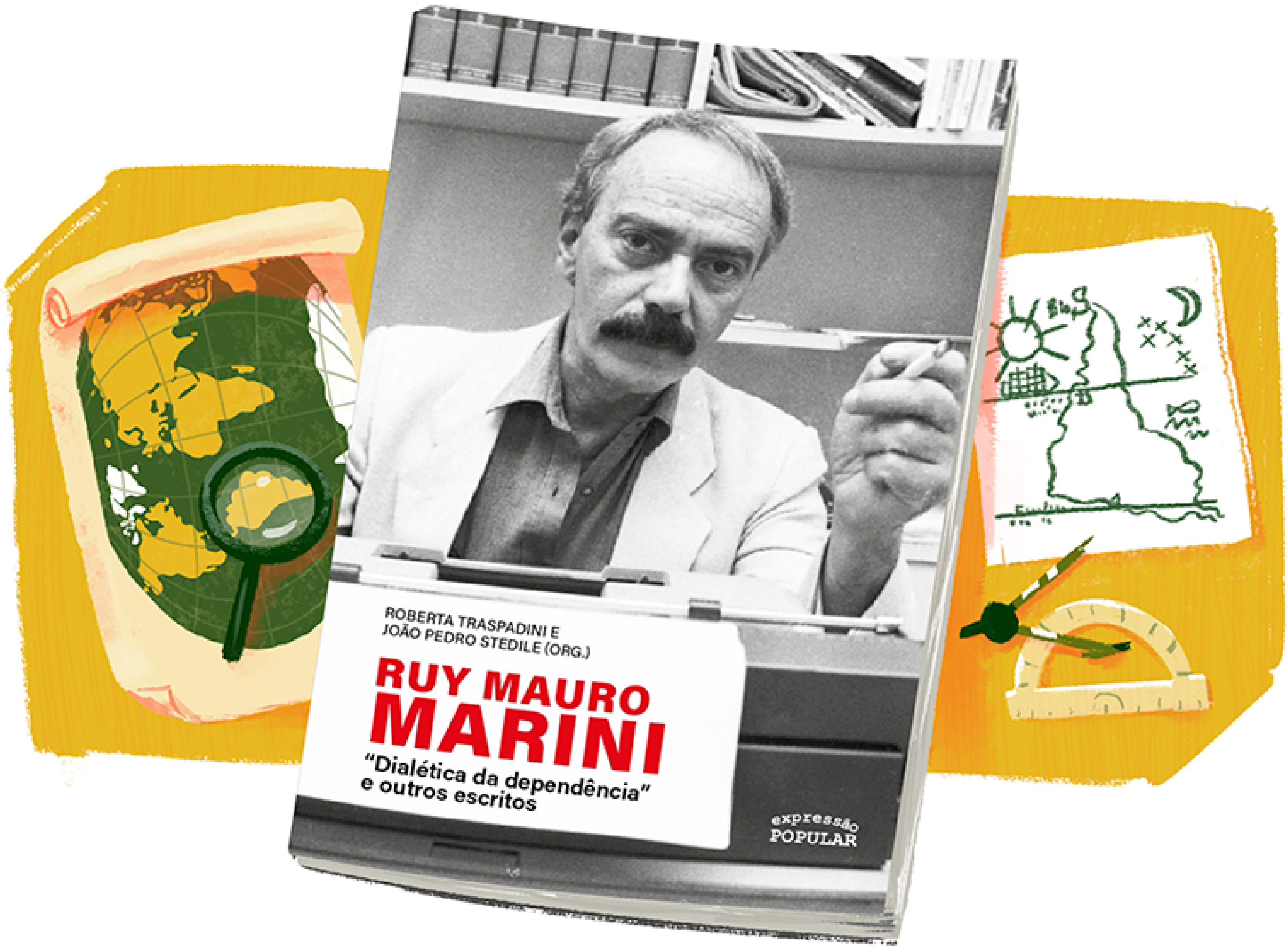
(Brazil). Both settlements are named for brave women, the Brazilian lawmaker Marielle Franco – who was assassinated in 2018 – and Irmã Alberta – an Italian Catholic nun who died in 2018. The lands where the MST has built the Marielle Vive camp and the Irmã Alberta Land Commune were slated for a gated community with a golf course, and a garbage dump, respectively. Based on the social obligations for land use in the **Brazilian Constitution of 1988**, the MST mobilised landless workers to occupy these areas, build their own homes, schoolhouses and community kitchens, and grow organic food.

Each of these MST encampments are beacons of hope for ordinary people who are otherwise taught to feel redundant within the neo-colonial structures of contemporary capitalism. The MST has been under concerted **attack** in Brazil's legislature, driven by the agenda of agro-business elites who want to prevent 500,000 families from building a tangible alternative for the working class and the peasantry. 'When the elite see the land, they see money', Wilson Lopes of the MST told me at Marielle Vive. 'When we see the land,' he said, 'we see the people's future'.

It is often impossible for people in large parts of the planet to imagine the future. Hunger rates rise, and those who can access food are often only able to eat unhealthily; family farmers, such as those at the MST settlements, **provide** over a third of the world's food (more than **80%** in value terms) and yet, they find it nearly impossible to access agricultural inputs, mostly water, and reasonable credit. The MST is the **largest** producer of organic rice in Latin America. Pressure from Bretton Woods institutions (the IMF and the World Bank) as well as from commercial banks and development agencies force countries to embrace 'modernisation policies' that are contrary to the facts. These 'modernisation policies', as we showed in **dossier no. 66**, were designed in the 1950s without an accurate assessment of global neo-colonial structures: they assumed that if countries borrowed money, strengthened their export sector for commodities, and imported finished goods from the West, then they would be able to 'modernise'.

As we walked around the MST settlement, residents Cintia Zaparoli, Dieny Silva, and Raimunda de Jesus Santos told us about how the community struggled to access electricity and water, social goods which are not easily produced without large-scale interventions. For context, two billion people around the world have no easy access to safe drinking water. None of these social goods can be conjured out of thin air; they require complex institutions, and in our modern world, the most important of these institutions is the state. But most states are constrained from acting on their citizenry's behalf due to external pressures that thwart economic policies which would benefit society over private capital and **wealthy bondholders**, who stand first in line to extract the immense social wealth produced in poorer nations.

None of these problems are new. For Latin America, the contemporary suffocation of state projects that aim to elevate people's social conditions can be dated back to the Chapultepec Conference of 1945 held in Mexico City. Mexico's Foreign Minister Ezequiel Padilla **told** the conference that it was 'vital for the Americans to do more than produce raw materials and live in a state of semi-colonialism'. The view was that those living in the hemisphere must be allowed to use all tools necessary – including tariffs and subsidies – to build industries in the region. US Secretary of State, Dean Acheson, was horrified by this attitude, telling the Venezuelan delegation that it had been 'short-sighted … increasing tariffs and restricting trade by import and other controls after the first World War and in the early thirties'. The US put forward a resolution to get all Latin American states 'to work for the elimination of economic nationalism in all its forms', including the exercise of economic sovereignty against the advantages secured by multinational corporations. This agenda asserted that the first beneficiaries of a country's resources should be US investors.



An important line of thinking, now known as 'dependency theory', developed in the aftermath of the Chapultepec Conference. It describes a neo-colonial setting where capitalist development in 'periphery' countries cannot take place since their economic output is structured to benefit 'core' countries, creating a situation that Andre Gunder Frank **called** 'the development of underdevelopment'. **Our dossier no. 67** – *Dependency and Super-Exploitation: The Relationship Between Foreign Capital and Social Struggles in Latin America* (August 2023) – uses the centenary of one of Brazil's most important Marxist intellectuals, Ruy Mauro Marini (1932–1997), to outline a proper Marxist view from the Third World of this 'dependency theory' tradition for our current times. The text was developed by the Brazil office of Tricontinental: Institute for Social Research, in collaboration with Professor **Renata Couto Moreira** from the Research Group on Marxist Studies of Dependency Theory in Latin America in Latin America – Anatália de Melo Collective of the Federal University of Espírito Santo (UFES).

Our key assessment is to be found in these sentences:

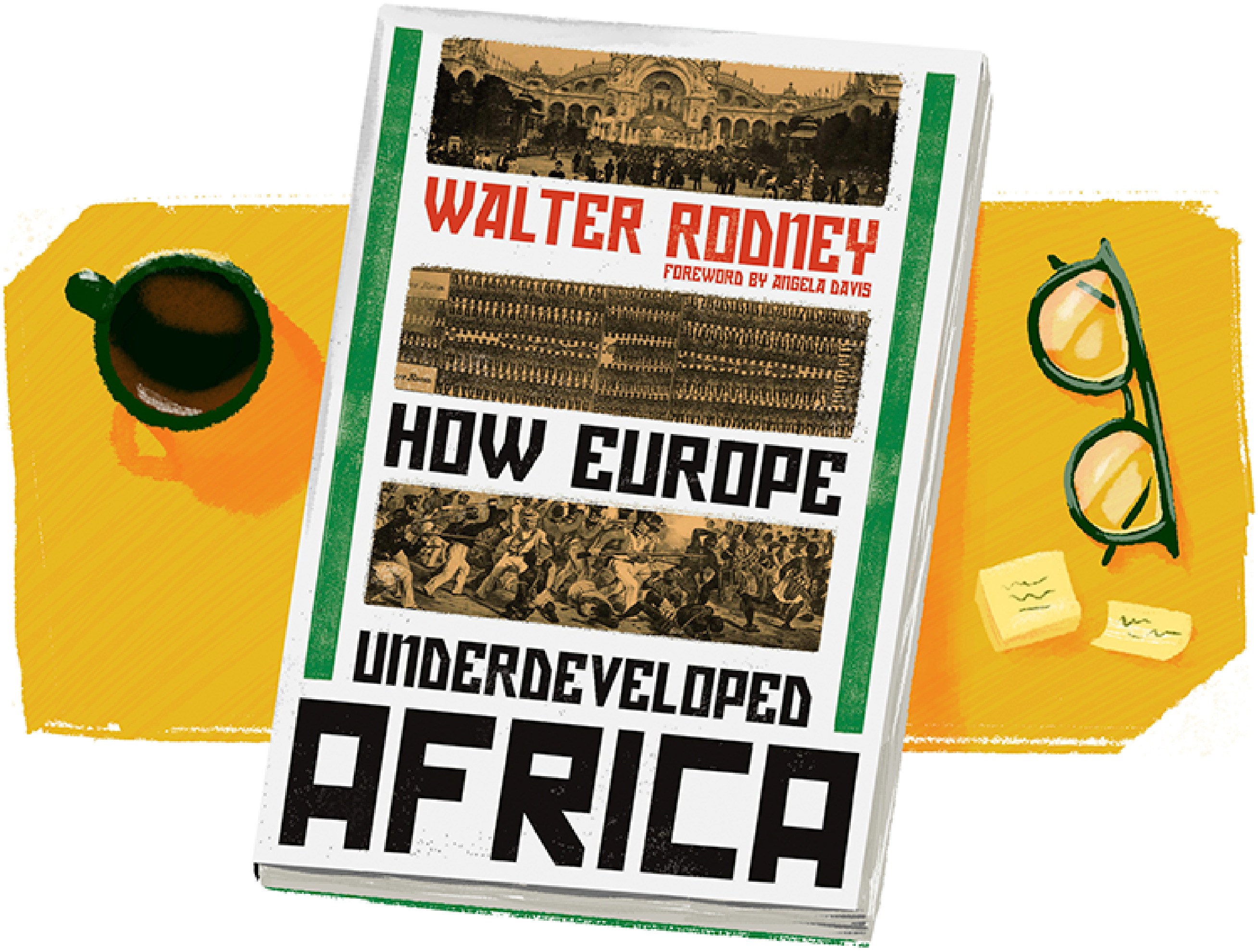
> The root of underdevelopment was not to be found in the industrial backwardness of each economy, but rather in the historical process and in the way that the countries of Latin America had been incorporated into the world market through colonisation by Europe, and then by the international relations to which those countries were subjected, which were perpetuated after their political independence by means of economic dependence on the dictates of the division of labour in global capitalism.

Countries in Latin America, but also in Africa and Asia, emerged in the post-World War II era as appendages of a world system that they were not able to define or control. As in the era of high colonialism, unprocessed raw materials were exported from these countries to earn valuable foreign exchange that was used to buy expensive finished products and energy. The uneven exchange that took place allowed for the almost permanent deterioration of the 'terms of trade', as Raúl Prebisch and Hans Singer had **shown** in the 1940s and that has been **reaffirmed** in the 2000s. The structure of unevenness was premised not only on the terms of trade, as Prebisch and the more liberal scholars of dependency understood it, but importantly, in the global social relations of production.

In the zones of the South, wages are held down through a wide variety of mechanisms, as shown by an International Labour Organisation **report** from 2012. Reasons given for unequal wages across international borders are often racist, the argument being made that a worker in India, for example, does not have the same expectations of life as a worker in Germany. If workers in the South are paid less, this does not mean that they do not work hard (even if their productivity rates are lower due to less mechanisation and less scientific management of the workplace). The Marxist theory of dependency **focused** on this 'super-exploitation', pointing to the sub-contracted mechanisms of labour discipline that allow richer countries to maintain high moral standards while they rely on brutal work conditions that render social relations toxic in poorer nations. Our observation in the dossier is clear:

> The super-exploitation of labour refers to the intensified exploitation of the workforce, resulting in an extraction of surplus value that exceeds the limits historically established in core countries. This becomes a fundamental feature of the capitalist system in underdeveloped economies, since foreign capital and local ruling classes benefit from workers' low wages and precarious working conditions as well as the absence of labour rights, thus maximising their profits and capital accumulation. This contributes to the reproduction of these countries' dependence and subordination as part of the international order.

The cycle of dependency, we argue, has to be broken by two simultaneous and necessary operations: the building of an industrial sector through active state intervention, and the building of strong working-class movements to challenge the social relations of production that rely upon the super-exploitation of labour in poorer regions.



In 1965, the year after the US-backed coup in Brazil and during the US-initiated coup in Indonesia, Ghana's president Kwame Nkrumah (1909–1972) published his monumental book, *Neocolonialism: The Last Stage of Imperialism*. In this book, Nkrumah argued that the new nations that had come out of colonialism remained trapped in the neo-colonial structure of the world economy. Governments in places like Ghana that had been impoverished by colonialism had to beg their former colonisers and 'a consortium of financial interests' for credit to conduct the basic functions of government, let alone to advance the social needs of their population. The lenders, he argued, 'have a habit of forcing would-be borrowers to submit to various offensive conditions, such as supplying information about their economies, submitting their policy and plans to review by the World Bank, and accepting agency supervision of their loans'. This intervention, deepened by the IMF's Structural Adjustment Programme, simply did not allow room for manoeuvre.

Neocolonialism was widely reviewed, including in a secret **memorandum** of 8 November 1965 by Richard Helms, Deputy Director of the US' Central Intelligence Agency (CIA). Helms took offence at the direct assault on imperialism in the book. In February 1966, Nkrumah was removed from office by a coup d'état **encouraged** by the US. That is the price to be paid for revealing the neo-colonial structure of the world and fighting for structural transformation. It is a price that the West wants to inflict on the people of Niger, who have **decided** that it is no longer beneficial to allow their wealth to be leeched away by the French, and for the US to have a major **military footprint** in their country. Can the people of Niger and the Sahel, in general, break the cycle of dependency that has created grief for over a hundred years?

Warmly,

Vijay